

**Statement by Rep. Randy Neugebauer**  
**Deputy Ranking Member, House Financial Services Committee**  
**Committee Markup of H.R. 946, Consumer Overdraft Protection Fair Practices Act**  
**September 26, 2007**

Thank you Chairman Frank for holding today's markup on a number of important measures. Because our time is limited, I will direct my opening remarks to H.R. 946, the Consumer Overdraft Protection Fair Practices Act.

In short, I am strongly opposed to this legislation. Touted as a consumer protection bill, this legislation will simply result in fewer protections to consumers by limiting their choices through increased regulation.

As several of my colleagues have already mentioned, while well intentioned, this bill represents a radical shift in the regulation of one of the most common and beneficial products offered to bank customers – overdraft protection plans.

I believe consumers should be fully informed about the terms and conditions of any overdraft protection plan, which is why I must point out that this is already the case. Thus, increasing needless regulation on an overregulated industry is simply not the answer.

By increasing regulatory burdens, this legislation would considerably increase the costs associated with running these programs. As a result, these costs will be transferred to the consumer in the form of higher fees or cause banking institutions to effectively eliminate these programs. Either way, the customer loses.

Additionally, this legislation seeks to micromanage the process by which banks cash their customers' checking transactions. Despite statements to the contrary, banks generally *do* post deposits first and then post payments in order from highest to lowest. Not only is this payment process disclosed to consumers, but customers have overwhelmingly indicated that they prefer high-to-low processing because it ensures that their most important payments will be paid first.

H.R. 946 eliminates consumer choice in this area, and abandons transparent disclosure and consumer choice in favor of more government regulation.

In closing, I would like to mention something that has not yet been addressed. At this very moment, the Government Accountability Office is conducting a study on overdraft protection programs that has had significant input from this Committee, the financial services industry, banking regulators, and a number of consumer advocacy groups. However, instead of waiting for this report to be concluded, this committee is moving forward with legislation that is premature and impulsive.

I ask my colleagues to join me in opposing this legislation, and I yield back the balance of my time.